

Message Text

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11

ACTION IO-10

INFO OCT-01 AF-06 ARA-06 EA-06 NEA-10 ISO-00 CIAE-00

DODE-00 PM-03 H-02 INR-07 L-03 NSAE-00 NSC-05 PA-01

PRS-01 SP-02 SS-15 USIA-06 SAM-01 EUR-12 AGR-05 GSA-01

FEA-01 ERDA-05 AID-05 CEA-01 CIEP-01 COME-00 EB-07

FPC-01 INT-05 OMB-01 OES-03 STR-04 TRSE-00 FRB-03

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R 120810Z JUN 75

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 1955

INFO AMEMBASSY ALGIERS

AMEMBASSY BEIRUT

AMEMBASSY CAIRO

AMEMBASSY CARACAS

AMEMBASSY DAMASCUS

AMEMBASSY DOHA

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY MANAMA

AMEMBASSY MEXICO

AMEMBASSY MUSCAT

USMISSION USUN NEW YORK

USMISSION GENEVA

C O N F I D E N T I A L SECTION 1 OF 2 TEHRAN 5514

BEIRUT PASS USINT BAGHDAD

E.O. 11652: GDS

TAGS: PFOR, PORG, EGEN, UN, UNGA, IR

SUBJ: UNGA SPECIAL SESSION--IRANIAN PERCEPTIONS OF ISSUES

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REFS: (A) STATE 112992; (B) STATE 75525; (C) TEHRAN 2698;

(D) TEHRAN 2877; (E) TEHRAN 2997; (F) TEHRAN 3572

SUMMARY: AS A LEADING MEMBER OF OPEC, IRAN WILL SURELY SUPPORT

THAT ORGANIZATION'S POSITIONS AT 7TH UNGA SPECIAL SESSION (SS). IRAN'S MAJOR GOAL IS TO PROTECT PURCHASING POWER OF ITS OIL EXPORTS THROUGH INDEXATION OR SOME SIMILAR PROCEDURE. GOI IS LESS CONCERNED ABOUT OTHER RAW MATERIALS BUT SEEMS TO PREFER STOCKPILING/STABILIZATION ARRANGEMENTS TO PROTECT PURCHASING POWER OR PRIMARY EXPORTS. ALTHOUGH IRAN WILL STAUNCHLY DEFEND LDC'S, IT ALSO HAS A POTENTIAL INTEREST IN KEEPING WITHIN REASONABLE LIMITS THE PRICES IT PAYS FOR RAW MATERIALS. THUS, IT IS SOMEWHAT MORE FLEXIBLE IN ITS APPROACH THAN DOCTRINAIRE LDC COUNTRIES SUCH AS ALGERIA. IRANIAN POSITIONS ON MORE DETAILED ISSUES OUTLINED IN RECENT DEPARTMENTAL TELEGRAMS ON 7TH S.S. ARE NOT YET FORMULATED. THUS, CONSULTATION WITH GOI NOT YET NECESSARY, BUT GOI MIGHT BE RECEPTIVE TO GENERAL POINT THAT DELIBERATIONS SHOULD NOT END IN LDC CONDEMNATION OF U.S. AND OTHER DEVELOPED COUNTRIES BECAUSE THIS MIGHT WELL ERODE PUBLIC U.S. SUPPORT FOR UNITED NATIONS.

END SUMMARY

1. IRAN'S PRIME ECONOMIC INTEREST, AS PERCEIVED BY GOI, IS MAINTENANCE OF HIGHEST PRACTICABLE LEVEL OF OIL REVENUES. TO ACHIEVE THIS, GOI FIRMLY BELIEVES IT MUST DO ALL THAT IS NEEDED TO PRESERVE OPEC SOLIDARITY. SINGLE MOST IMPORTANT KEY TO OPEC SOLIDARITY, OF COURSE, IS SAUDI ARABIAN POLICY, AND QUIET SAG/GOI COORDINATION OF LATE SEEMS TO US CLOSER THAN EVER.

2. GOI ALSO BELIEVES, LIKE ALGERIA AND OTHERS, THAT OPEC MUST "PROTECT ITSELF" AGAINST LDCS; IT MUST PREVENT DEVELOPMENT OF A COHERENT LDC PERCEPTION OF OPEC AS NEW, RICH BOYS' CLUB RIPPING THEM OFF. TO DO THIS IT MUST: (A) BUY OFF CERTAIN KEY LDCS WITH AID, AND (B) CONVINCE OTHER KEY LDCS THAT OPEC IS GUIDE AND MODEL: "WE WILL SHOW YOU HOW TO DRAG DCS TO THE NEGOTIATING TABLE, HOW TO BEGIN CONTROLLING YOUR DESTINIES, AND TO CONTROL PRICES OF YOUR RAW MATERIALS." NEED TO MAINTAIN IMAGE

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OF POLITICALLY INDEPENDENT ACTOR WITH INDEPENDENT FOREIGN POLICY ALSO DICTATES A GOI PUBLIC STANTCE SQUARELY IN THIRD WORLD NONALIGNED CAMP ON TRADE AND COMMODITY MATTERS.

3. IN SUBSTANCE GOI BELIEVES IN NEED FOR OPEC/LDC SOLIDARITY AS UNYIELDINGLY AS DOES ALGERIA. STYLE AND TACTICS BY WHICH GOI PURSUES ITS ENDS, HOWEVER, ARE DETERMINED BY GOI'S DIPLOMATIC SELF-IMAGE: IT SEES ITSELF NOT AS DOCTRINAIRE REVOLUTIONARY BUT AS SOPHISTICATED, PRACTICAL GOVERNMENT WHICH UNDERSTANDS POLITICAL AND ECONOMIC REALITIES AND SEEKS ACHIEVE ITS ENDS BY PERSUADING IN SOOTHING TONES AND ARGUING IN OPPONENT'S TERMS. THUS IRAN ASKS USG WHY IT IS FRIGHTENED OF COMMODITY STABILIZATION AGREEMENTS, SINCE

USG HAS GREATER AND, IN GOI'S VIEW, MORE SUCCESSFUL EXPERIENCE WITH SUCH MECHANISMS THAN MOST COUNTRIES, E.G. DOMESTIC FARM PROGRAMS. IN TALKING WITH LDC LIKE ALGERIA, GOI MIGHT SAY, "OF COURSE WE MUST BE FIRM IN DEFENSE OF OUR RIGHTS AND THOSE OF OTHER LDCS, BUT WE MUST BE UNDERSTANDING AND STATESMANLIKE IN WAY WE PRESENT OUR CASE, RATHER THAN RUFFLING OUR DC FRIENDS' FEATHERS." GOI THEN SAYS TO USG, "OF COURSE YOU ARE RIGHT THAT SOME OF THESE TOPICS (LIKE RAW MATERIALS) ARE DIFFICULT, BUT YOU MUST RECOGNIZE POLITICAL REALITIES. SUCH ISSUES ARE OF VITAL CONCERN TO MANY NATIONS AND IN ALL FAIRNESS MUST BE DISCUSSED."

4. DEPARTMENT AND OTHER ADDRESSEES SHOULD NOTE THAT WHILE GOI SEEMS FIRMLY ATTACHED TO IDEA OF SOME SORT OF INDEXATION OF OIL PRICES, IT SEEMS TO PREFER STOCKPILING/STABILIZATION ARRANGEMENTS FOR OTHER COMMODITIES, AS NOTED IN OUR REPORTING ON ENERGY PREPCON REFS C THROUGH F). OUR PRE-PREPCON REPORTING ALSO SUGGESTED IRAN WILLING TO LOOK FOR MECHANISMS FOR SIDESTEPPING CONFRONTATION--AS IN IRAN'S SUGGESTION OF COMMITTEE OR TASK FORCE STRUCTURE FOR PRODUCER/CONSUMER (OR AS THEY WOULD SAY, DC/LDC) MEETING TO PERMIT SOME LOOSENING OF LINKAGE BETWEEN PROGRESS ON ENERGY ISSUES AND PROGRESS IN "OTHE COMMODITIES."

5. THOUGH GOI OFFICIALS (LIKE THOSE OF MANY GOVERNMENTS) CONFIDENTIAL

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OFTEN ARE NOT PARTICULARLY CONCERNED ABOUT UNGA ISSUES, E DO NOT RPT NOT BELIEVE THEY WOULD LIKE TO SEE EVENTS IN UNGA SERIOUSLY WEAKEN US COMMITMENT TO UN, AND THUS THEY MIGHT BE WILLING TO WORK QUIETLY TO TRY TO HEAD OFF CONFRONTATIONS THAT WOULD ADVERSELY AFFECT US OPINION. AN IMPORTANT GENERAL CONSIDERATION ARISES FROM IRAN'S PARADOXICAL POSITION AS A RICH DEVELOPING NATION: IT BOTH LENDS MONEY FOR DEVELOPMENT AND WANTS LATER ON AGAIN TO MAKE USE OF FOREIGN CREDIT FACILITIES FOR ITS OWN DEVELOPMENT; AS EXPORTER OF OIL AND GAS, IT WANTS TO MAINTAIN HIGH PRICES, BUT AS A POTENTIAL IMPORTER OF IRON ORE AND AN IMPORTER OF ALUMINA AND OTHER RAW MATERIALS FOR ITS GROWING INDUSTRIAL SECTOR, IRAN HAS AN INTEREST IN KEEPING PRICES FOR PRIMARY PRODUCTS WITHIN REASONABLE LIMITS.

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ACTION IO-10

INFO OCT-01 AF-06 ARA-06 EA-06 NEA-10 ISO-00 EUR-12

CIAE-00 DODE-00 PM-03 H-02 INR-07 L-03 NSAE-00 NSC-05

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FEA-01 ERDA-05 AID-05 CEA-01 CIEP-01 COME-00 EB-07

FPC-01 INT-05 OMB-01 OES-03 STR-04 TRSE-00 FRB-03

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R 120810Z JUN 75

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 1956

INFO AMEMBASSY ALGIERS

AMEMBASSY BEIRUT

AMEMBASSY CAIRO

AMEMBASSY CARACAS

AMEMBASSY DAMASCUS

AMEMBASSY DOHA

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY MANAMA

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6. FOLLOWING ARE OUR ESTIMATES OF GOI ATTITUDES ON ITEMS LDCS
WANT TO DISCUSS, KEYED TO LETTERS OF PARA 5, REFTEL (?).

(A) GOI WILL BACK MEASURES TO ASSURE MAJOR LDC RAW MATERIAL
EXPORTERS "PRICES STABILIZED AT REMUNERATIVE LEVELS." AS NOTED
REF (D), GOI TENDS TO THINK OF THIS ISSUE IN TERMS OF STOCK-
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PILING/STABILIZATION ARRANGEMENTS. WE DOUBT GOI THINS "CARTELI-
ZATION" IS PRACTICAL OR NECESSARY SOLUTION TO THIS PROBLEM FOR
MORE THAN ONE OR TWO COMMODITIES BESIDES OIL.

(B) ASSURED FUTURE MARKETS THROUGH "NEW INTERNATIONAL
DIVISION OF LABOR" IS TOPIC IN WHICH GOI HAS SOME, BUT NOT OVER-
RIDING INTEREST. IT FEELS ENERGY-INTENSIVE AND PETROCHEMICAL
INDUSTRIES SHOULD BUILD MUCH OF THEIR FUTURE CAPACITY IN OPEC
COUNTRIES. GOI WOULD BE INCLINED TO MAINTAIN SOLIDARITY WITH LDCS ON
THIS ISSUE.

(C) A KEY GOI GOAL IS SOME SORT OF INDEXATION OF OIL PRICES. GOI PROBABLY WILL PUSH OPEC UNILATERALLY TO ADOPT AN INDEXING SCHEME IF ONE IS NOT NEGOTIATED WITH CONSUMERS. ON OTHER COMMODITIES, SEE (A) ABOVE. WE WOULD EXPECT THAT RECENT UN REPORT SUGGESTING FALSITY OF PREBISCH'S THESIS (THAT TERMS OF TRADE HAVE DETERIORATED FOR LDC RAW MATERIALS EXPORTERS) WOULD AFFECT TO SOME EXTENT LDC PERCEPTION OF USEFULNESS OF SUCH INDEXATION. IF LDC CONSENSUS DEMANDS INDEXATION OF THEIR COMMODITIES, HOWEVER, GOI WILL PROBABLY SUPPORT.

(D) IRAN DOES NOT HAVE STRONG DIRECT INTEREST IN SUCH ISSUES AS EXPANSION OF DEVELOPMENT ASSISTANCE, DEBT NEGOTIATION AND CANCELLATION, TRANSFER OF TECHNOLOGY ON BETTER TERMS, SDR-AID LINK AND SERIES OF SPECIAL FUNDS, BUT WOULD BE INCLINED TO BACK MAJORITY LDC POSITIONS.

(E) IRAN IS STRUGGLING MORE WITH PROBLEMS OF ATTRACTING NEW INVESTMENT (TO GET MANAGERIAL AND TECHNOLOGICAL SKILLS MORE THAN MONEY) THAN WITH PROBLEM OF PROTECTING ITSELF FROM INVESTORS. IN ADDITION, IRAN'S OWN INVESTMENT ABROAD IS GROWING. GOI'S EXPERIENCE TENDS TO MAKE IT CONFIDENT OF ABILITY TO CONTROL INVESTORS; THUS, WE DOUBT IT FEELS NEED OF INTERNATIONAL CODES TO STRENGTHEN ITS HAND.

(F) GOI WANTS EXPANDED ROLE IMF AND IBRD FOR ITSELF AND OTHER OPEC NATIONS, BASED ON THEIR GREATER IMPORTANCE IN WORLD FINANCIAL AFFAIRS. WE HAVE REPORTED AMOUZEGAR'S ACID COMMENTS ON RECENT SMALL INCREASE IN OPEC MEMBERS' IMF QUOTAS.

(G) IRAN IS NOT MUCH INTERESTED IN THE SUBJECT OF INSTITUTIONAL CONFIDENTIAL

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CHANGE IN THE UN AND WILL PROBABLY DEFER TO LDC CONSENSUS.

7. ONLY FIRST TWO U.S. AGENDA ITEMS (PARA 5, REFTEL A) ARE OF MUCH CONCERN TO GOI. COMMODITY TRADE HAS BEEN HANDLED ABOVE. ON ISSUE OF INTERNATIONAL FOOD NEEDS, IRAN IS A GROWING IMPORTER AND WILL NOT EXPORT SUBSTANTIAL QUANTITIES OF FOOD ITEMS OTHER THAN FRUITS, NUTS, AND DATES IN NEAR TERM. IT IS WORTH NOTING THAT AT ROME FOOD CONFERENCE, IRAN OFFERED TO FINANCE FERTILIZER PLANTS IN COUNTRIES BORDERING ON INDIAN OCEAN AS ITS CONTRIBUTION TO INCREASED FOOD PRODUCTION IN DEFICIT AREAS. GOI WAS MIFFED THAT THIS SUGGESTION DID NOT RECEIVE MUCH ATTENTION. SUPPORT FOR PROPOSAL BY U.S. DELEGATION WOULD BE WELL RECEIVED.

8. PROVISIONAL LIST OF QUESTIONS CIRCULATED BY GROUP OF 77 ON MAY 2 (PARA 6, 43*53) -) WOULD PROBABLY SEEM TO GOI (AT LEAST IN PRIVATE) TOO BROAD FOR TREATMENT AT 7TH S.S. GOI WOULD PROBABLY BE RECEPTIVE TO ARGUMENT AGAINST SOME OF THESE TOPICS ON GROUNDS THAT AS DEFINED THEY WOULD RESULT IN ANTI-DC CONCLUSIONS WHICH WOULD NOT BE HELPFUL ON THE FEW SPECIFIC ISSUES OF IMPORTANCE TO IRAN.

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Message Attributes

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Current Classification: UNCLASSIFIED
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Copy: SINGLE
Draft Date: 12 JUN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: KelleyW0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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To: STATE INFO ALGIERS
BEIRUT
CAIRO
CARACAS
DAMASCUS
DOHA

JAKARTA
JIDDA
KUWAIT
LAGOS
MANAMA
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